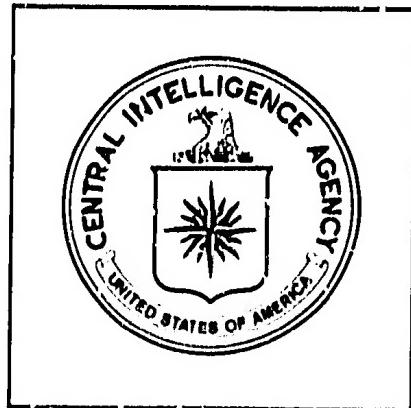


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Romanians Concerned That Portugal
Is Drifting Closer to the USSR

A ranking Romanian diplomat in London recently provided the US embassy with a very pessimistic assessment of Portugal's future. He foresees an eventual power struggle in which Portugal may have to undergo a period of civil strife and bloodshed. The situation within the Armed Forces Movement, he said, is deteriorating to a point where a strong man--either from the military or the communist party --will eventually seize power. He noted that either development would be disastrous, telling the US official that it would undoubtedly lead to a curtailment of personal liberties and a reversion to authoritarianism.

The Romanian assailed Communist party chief Cunhal as a "rigid dogmatist" who is excessively dependent on Moscow, and especially castigated Cunhal for his refusal to work with the Socialists. While admitting that Cunhal is a clever politician and a good organizer, the Romanian felt that he was undercutting other political parties too soon.

Bucharest has up to now led the pack of East European countries in cultivating relations with Lisbon, and has attempted to encourage "moderate" forces within the leadership. The Romanian interest is less in preserving Portuguese civil liberties than in encouraging a government better able to stay some distance from Moscow. With the visit of President Costa Gomes to Romania in June, and signature of the first friendship treaty ever between a NATO member and a Warsaw Pact country, the Romanians apparently thought they were making some progress.

In a related development, independent-minded Belgrade is attempting to help what it calls the

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"moderate" and "pragmatic" military leaders allied with Costa Gomes to establish their influence within the Armed Forces Movement. The Yugoslavs have reportedly invited a carefully selected group of 25 senior Portuguese military officers to visit Yugoslavia for "training."

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Major Revisions in Orenburg
Gas Pipeline Project

The Orenburg gas pipeline project, conceived as a model of cooperation among CEMA members, is running into difficulties. Most of the East European countries have been relieved of their obligations to supply large numbers of workers, but will still be required to finance construction of the sections originally assigned to them. Because of the additional unexpected work now falling on Soviet crews, the pipeline almost certainly cannot be completed before 1980.

Drastic changes in plans for this 1,700-mile 56-inch diameter gas pipeline that will run from Orenburg (southern Ural Mountains) to Uzhgorod on the Soviet-Czechoslovak border were reported in a recent Hungarian newspaper. Of the five East European countries scheduled to build sections of the pipeline, only Poland will meet its obligation. The Poles will now be responsible for the third section, originally allocated to Hungary, rather than the first section as previously scheduled. East Germany will build half of the fourth section, which was originally assigned to it. The Hungarians will construct only four compressor stations on the fifth section; the Czechoslovaks will build five compressor stations on the second section and will concentrate on building the pipeline through its territory to the West German border. Bulgaria will do no construction work on the fifth section.

The USSR is still trying hard to import 67 gas turbines--mainly from the US--for the pipeline compressor stations. We believe that the goal of delivery by the end of 1977 for installation by the end of 1978 cannot be met.

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